LANDI RENZO SpA

Independent Auditor's Report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

Financial Statements as of 31 December 2017

Independent Auditor's Report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of
Landi Renzo SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Landi Renzo SpA (the Company), which comprise the statement of financial position as of 31 December 2017, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Landi Renzo SpA as of 31 December 2017 and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of Landi Renzo SpA pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Recoverability of goodwill and of equity investments in subsidiaries *See notes 4 and 6 and the paragraph titled "Accounting standards and valuation criteria" of the explanatory notes*	
As of 31 December 2017 the book values of goodwill and equity investments in subsidiaries recognised in the financial statements amounted to Euro 2.4 million and Euro 56 million, respectively. The Company verifies, at least annually, the recoverability of goodwill recognised in the financial statements and carries out an analysis in order to identify any impairment indicators of the equity investments in subsidiaries and, should these indicators be identified, the Company determines the recoverable value of each equity investment. This was considered a key audit matter for the purpose of the statutory audit of the financial statements in consideration of the revenue growth forecasts included in the 2018-2022 business plan approved by the Company's board of directors on 13 September 2017 (the "Business Plan"), compared to the significant reductions in revenue (and in the related cash flows) reported in prior years. The valuation models underlying the determination of the recoverable amounts of goodwill and of equity investments in subsidiaries are based on subjective evaluations and estimates of management, having as a reference the Business Plan mentioned above. In particular, the valuation models of the recoverable amounts of goodwill and of equity investments in subsidiaries and the assumptions included in the same models are	Our audit approach preliminarily consisted of understanding and evaluating the methods and the procedures defined by the Company to determine the recoverable amounts of goodwill and of equity investments in subsidiaries, in compliance with IAS 36 as adopted by the European Union. In particular, we verified the reasonableness of the methods adopted and of the main assumptions reflected in the valuation model (discounted cash flow method) also involving PwC network valuation experts. Moreover, we verified the reasonableness of the discount rate and perpetuity growth rate in relation to the valuation practices usually adopted for companies belonging to the industry in which the Landi Renzo Group operates. We also verified that the cash flows included in the valuation models were consistent with those in the Business Plan. Considering that forecast cash flows are a particularly significant parameter for the determination of the recoverable amounts of goodwill and equity investments as they depend on future and uncertain events, we analysed the reasonableness of the estimated future cash flows through interviews with company management and the involvement of experts in the Automotive segment of the

influenced by future market conditions as regards the expected cash flows, the perpetuity growth rate and the discount rate.	PwC network, who supported us in the critical analysis of the reasonableness of the forecasts included in the Business Plan. Furthermore, we verified the mathematical accuracy of the valuation models prepared by the Company. Finally, we verified the disclosures provided by the Company in the financial statements about the method adopted to determine the recoverable amounts of goodwill and equity investments and the results of the valuations performed.
Recoverability of deferred tax assets *See note 10 and paragraph "Accounting standards and valuation criteria" of the explanatory notes* Deferred tax assets recognised in the financial statements as of 31 December 2017 amounted to Euro 9.4 million, partially offset by deferred tax liabilities equal to Euro 1.7 million, giving a net deferred tax asset equal to Euro 7.7 million. Deferred tax assets relate for Euro 4.4 million to temporary differences between the book values of assets and liabilities recognised in the financial statements and the corresponding tax values and for Euro 5 million to prior tax losses. The recoverability of deferred tax assets was considered a key audit matter for the purpose of the statutory audit of the financial statements in consideration of the growth forecasts contained in the 2018-2022 business plan approved by the Company's board of directors on 13 September 2017 (the "Business Plan") compared to the significant reductions in revenues from sales (and in the related taxable income) reported in prior years, as well as due to the complexity of the evaluation of the recoverability of these receivables which is closely related to the achievability of the Business Plan targets.	 Our audit procedures preliminarily included understanding and evaluating the process adopted by the Company to verify the recoverability of deferred tax assets. We carried out an in-depth analysis of deferred tax assets related to prior tax losses as their recoverability, unlike the receivables related to tax temporary differences, is closely related to the existence of future taxable income and, therefore, to the achievement of the prospective results included in the Business Plan. We obtained the analysis performed by the Company of the recoverability of deferred tax assets closely related to the existence of future taxable income of the companies included in the tax consolidation scheme of the Landi Renzo Group for the period 2018-2022, which are based on the net results included in the Business Plan. We verified the reasonableness of the net results included in the Business Plan through interviews with company management and the involvement of PwC network experts in the Automotive segment, who supported us in the critical analysis of the reasonableness of the forecasts in the Business Plan.

	Finally, we verified the disclosures provided by the Company in the financial statements about the elements supporting the recoverability of deferred tax assets.
Accounting treatment and evaluation of investment in SAFE & CEC Srl *See notes 7 and 35 and the paragraph titled "General information and significant events in the year" of the explanatory notes* On 29 December 2017, Landi Renzo SpA entered into an agreement with Clean Energy Fuels Corporation for the combination of SAFE SpA, a subsidiary of Landi Renzo SpA, and Clean Energy Compression, a subsidiary of Clean Energy Fuels Corporation. The business combination was carried out through the establishment of a newco called SAFE & CEC Srl (hereinafter also "NewCo"), and the subsequent contribution to it of the equity investments in SAFE SpA, with a book value of Euro 2.5 million, and Clean Energy Compression, resulting in Landi Renzo SpA holding 51% of SAFE & CEC Srl and Clean Energy Fuels Corporation holding the remaining 49%. Following an analysis carried out also with the support of an accounting expert, the Company concluded that the governance of SAFE & CEC Srl, regulated by a specific shareholders' agreement, reflects a joint arrangement classified as a joint venture pursuant to IFRS 11 as adopted by the European Union. Further to the loss of control in SAFE SpA by Landi Renzo SpA, in the financial statements the Company adopted the following accounting treatment: i) Derecognition of the equity investment in SAFE SpA; ii) Initial recognition of the 51% interest in SAFE & CEC Srl at the fair value at the date of the loss of control in SAFE SpA, determined in an appraisal report prepared by an independent expert appointed by the Company;	Our audit approach preliminarily consisted of understanding the analysis performed by the Company of the classification of the investment in SAFE & CEC Srl as a joint venture, pursuant to IFRS 11 as adopted by the European Union, through a critical analysis of the accounting opinion obtained by Landi Renzo SpA and also involving PwC network experts in the interpretation and application of International Financial Reporting Standards. Moreover, we verified the reasonableness of the methods adopted and the main assumptions reflected in the valuation model (discounted cash flow method) adopted by the independent expert appointed by the Company to determine the fair value of SAFE & CEC Srl at the date of the loss of control in SAFE SpA, also through the involvement of PwC network valuation experts. In particular, we verified the reasonableness of the discount rate, of the perpetuity growth rate and of the risk premium for the execution of the 2018-2022 business plan of SAFE & CEC Srl (the "Business Plan") compared to the valuation practices usually adopted for companies belonging to the industry of the NewCo. Considering that forecast cash flows are a particularly significant parameter for the determination of the fair value of SAFE & CEC Srl, as they depend on future and uncertain events, we analysed the reasonableness of the estimated future cash

iii) Recognition of a gain on disposal equal to about Euro 21 million, as the difference between 51% of the fair value of the NewCo, corresponding to the initial book value as a joint venture, and the net book value of the equity investment in SAFE SpA. This was considered a key audit matter for the statutory audit of the financial statements in consideration of the significant impact on the income statement of Landi Renzo SpA, the complexity of the analysis of the accounting treatment and of the determination of the fair value of SAFE & CEC Srl at the date of the loss of control in SAFE SpA, based on management's subjective evaluations and estimates.	flows through interviews with company management and with the advisors employed by the Company to prepare the Business Plan, also through the involvement of PwC network experts in the Automotive segment, who supported us in the critical analysis of the reasonableness of the forecasts included in the NewCo's Business Plan. Finally, we verified the disclosures provided by the Company in the financial statements about the reasons underlying the classification of the investment in SAFE & CEC Srl as a joint venture, the method adopted to determine the fair value of 51% of the investment in SAFE & CEC Srl and the accounting treatment adopted to reflect the loss of control in the subsidiary SAFE SpA.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005 and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, management uses the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that

an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- We concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 29 April 2016, the shareholders of Landi Renzo SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2016 to 31 December 2024.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

Management of Landi Renzo SpA is responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Company as of 31 December 2017, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, with the financial statements of Landi Renzo SpA as of 31 December 2017 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Landi Renzo SpA as of 31 December 2017 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Parma, 30 March 2018

PricewaterhouseCoopers SpA

Signed by

Massimo Rota
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.